Sir, there are two things. One is royalty and the other is cess which is being imposed. The cess has been struck down by the apex court as unconstitutional and, therefore, immediately, the Central Government increased the royalty from average of Rs. 5.30 to Rs. 70 per tonne. So far as coal is concerned, I have a thorough discussion with the Chief Ministers of West Bengal, Orissa and Bihar. The Centre-States relationships on coal are in perfect position. There is nothing to worry.

SHRI N. GIRI PRASAD: Sir, now the Government is contemplating to hand over these mines to the private sector as captive units, to the newly coming power units. In view of this new development, what is the policy of the Government to refix the royalty because the profits in the new power sector will not go to the State? It will go to those private people who will be operating it.

SHRI AJIT KUMAR PANJA: Sir, none of these working mines are being handed over to any private person or entrepreneur or any company. But captive mines are being given for a specific purpose of putting up a power plant. Therefore, when that is being given, an agreement shall have to be entered into by the private party, the Government of India and the State concerned to decide their obligations. The royalty will however be payable to State Govt. at the same rate whether mines are in public or private sector.

श्री राम गोपाल यादव: श्रीमन् यह जो प्रश्न है, उससे संबंधित दो राज्य हैं बिहार और उड़ीसा। इन राज्यों की जो आर्थिक स्थिति है वह बहुत ही दयनीय है। ये हिंदुस्तान में सबसे गरीब राज्यों में आते हैं।

महोदय, अपार प्राकृतिक संपदा का स्वामी होने के बाद भी बिहार सबसे ज्यादा गरीब है मैं माननीय मंत्री जी से यह कहना चाहूंगा कि यह जो कोयला बिहार से निकलता है, इसकी बहुत जबरदस्त कीमत होती है और इसकी 'रॉयल्टी जो राज्यों को मिलती है वह बहुत कम मिलती है और मेरी जानकारी में बिहार के माननीय मुख्यमंत्री जी ने भी इसे बढ़ाने की मांग की है।

तो मैं माननीय मंत्री जी से यह जानना चाहता हूं कि क्या इन राज्यों की फाइनेंशियल स्थिति को देखते हुए केन्द्रीय सरकार इस रॉयल्टी को बढ़ाने पर विचार करेगी?

SHRI AJIT KUMAR PANJA: Sir, we always do so after discussing it with the States. We must remember that if we increase the royalty or other taxes on coal, it will be beneficial to the States but the price of coal will increase and the consumers will suffer because the increased prices have to be obtained from consumers. Therefore, such consumers may divert to some other coal bearing areas if the price is two high in any State. In Orissa, the same problem cropped up and we are trying to resolve it. Therefore, the Committee has been constituted which will go into the details and will submit a report to the Government and then the Government will decide.

SHRI SURESH KALMADI: Sir, I think it is for the first time that castor seeds are being exported and in the last three months, the prices of the seeds in India have gone up by about 20 to 25 per cent. I would like to know whether this is a fact and also, if the import duty on castor seeds in the European market is nil but for derivatives and if it is the castor oil or any of the derivatives, the import duty is about 6 per cent to 12 per cent. I would like to know why the Commerce Ministry has given permission for this instead of exporting castor oil and castor oil derivatives which will fetch the value added and the prices will be much more.

MMTC deal for export of Castor Seed

*63. SHRI SURESH KALMADI: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that MMTC has made a deal with a German Party for export of 4,000 tonnes of castor seed; and

(b) if so, what are the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES,

CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION AND MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED): (a) and (b) Pursuant to an export licence issued to MMTC Ltd. for export of 20,000 tonnes of castor seeds it has concluded a deal with a German party for export of 8,000 tonnes valued at Rs. 10 crores approximately for shipment during Feb.-March '94. The entire procurement would be from GROFED (Gujarat Cooperative Oil Seed Growers federation Limited).

SHRI SURESH KALMADI: The price will be much, much more. Why it is resorting to selling castor seeds when the income is less and the price in the country is also going up?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE): Sir, it is true that we did not export castor seeds earlier, but this year we received a request from the Ministry of Agriculture and they gave a figure of 7 lakh tonnes in regard to production whereas the consumption would be 5 lakh tonnes. They recommended that we should allow export of castor seeds. When we entered into a contract for castor oil, the price prevailing at that point of time was 750 dollars per tonne whereas the price in the contract which we entered into for castor seeds was 385 to 400 U.S. dollars per tonne. Now if you want to have a tonne of castor oil, practically the conversion ratio is 37 per cent; that means, nearly 3 tonnes of castor seeds give one tonne of castor oil. That means we get 750 dollars by exporting one tonne of castor oil whereas by exporting an equivalent quantity of castor seeds, i.e. 3 tonnes, we get more than 1,000 U.S. dollars. That is precisely the reason why we have, on the recommendation of the Agriculture Ministry, agreed to allow its export and the MMTC has entered into a contract for about 8,000 tonnes. But they have been given the export licence for 20,000 tonnes and the contract they have actually entered into contracts for about 8,000 tonnes. And depending on the future trend, I would like to look into it and it is our accepted policy that we export value-added products, and if it is found that by exporting castor seeds we get more money, we will try to do that, because then it will benefit the farmers. ...*(interruptions)*... I am coming to that.

SHRI N. GIRI PRASAD: There is some miscalculation.

SHRI PRANAB MUKHERJEE: I am sorry, Sir. I am on my legs. If the hon. Member has any other set of calculation, I am always prepared to examine it but this is the figure. Firstly, they should know that normally on agricultural products we go by the advice of the Agriculture Ministry. Here, we have to look to the interests of the farmers also because they are the producers. And we shall also have to look into another aspect, i.e. by resorting to which method we get the maximum price. According to the calculation which we have received, the price per tonne of castor oil is 750 U.S. dollars but according to the contract we entered into, it is yielding from 385 dollars to 460 dollars per ton. These are all calculations. If something is wrong, we can change that.

Secondly, there is no import duty on castor oil seeds, but there is some export duty on castor oil products.

MR. CHAIRMAN: Second supplementary.

SHRI SURESH KALMADI: Sir, he has not answered my first part—whether the prices have gone up in the domestic market by 20 to 25 per cent in the last three months. Sir, he has also said that castor oil of so tonnes comes out of castor seeds. I would like to know whether he has assessed that if we take the total value of other by-products, it is probably much, much higher, whether the Government would think in terms of an export duty on castor seeds, not on castor oil and by-products, and whether they would also consider whether it is necessary to boost the value-added

portion of our castor products. In case we feel that the price of castor seeds is remunerative, then why have only 8,000 tonnes when the Central Government has sanctioned 20,000 tonnes to export?

SHRI PRANAB MUKHERJEE: Sir, we have given a licence for 20,000 tonnes. The party has to contract with those who buy it and, of course, we shall have to strike a balance. I cannot just export the entire quantum and create a shortage in the domestic market.

And so far as the prices in the domestic market are concerned, I have not received any information that the domestic prices have gone up because of export. And I have mentioned already that a contract for 7,500 tonnes of 8,000 tonnes has been entered into and it will be shipped during the period February to March. The licensing period is up to the 31st March. After that the whole issue may be reviewed. As far as the export duty is concerned—he will surely bear with me—I cannot announce any rate of duty on the floor of the House.

SHRI INDER KUMAR GUJRAL: Sir, I am one of those who always admire the remarkable efficiency and statistical mastery of the Minister because he can prove anything by statistics. The point that I am trying to make is this. Recently we had a very sad experience of cotton. The hon. Minister went by the advice of the Agriculture Ministry to permit export of cotton. Now we are in a mess. May I ask him what steps he has taken to see that similar experience is not again experienced in the case of castor? Has he consulted the Ministry of Industry as to what their needs are and what the effect of the rise of prices on them is?

SHRI PRANAB MUKHERJEE: Sir, strictly speaking, cotton does not come under my purview. There is a separate Ministry, i.e. Textiles Ministry, which deals with cotton and the entire gamut of textiles. But they are also dependent on the advise of Agriculture Ministry them. We shall have to strike a balance. Industry would always demand that the prices should collapse and they get the raw material at cheaper prices. The farmers would always demand that they should get higher prices for their products. Therefore, this inherent conflict is bound to be there in every system. Our job would be to strike a balance between these two. That is why, normally, we should go by the advice of the administrative Ministry, which we are doing. Of course, there are inter-ministerial consultations. When they pointed out that there was a surplus of about two lakh tonnes which we could export, we allowed it. Otherwise, there would have been a situation where the farmers would get less. But, at the same time, we always consult producers also. These types of things come in the case of cotton, in the case of rubber, in the case of castor seeds and in the case of certain other products. So far as the question of consultation mechanism is concerned, one more point will have to be kept in view which has arisen even in the case of cotton. Exporters have entered into a contract with the parties outside. They have built up a market there. If you suddenly take a decision because of the domestic compulsions and stop exports, then you lose that market and you cannot get it back. Therefore, the approach which we should have is that even if there is a shortage, we should import the same commodity to meet the shortage. But we should keep our export commitment so that the market is not lost for future; otherwise the domestic compulsions may create a situation where we would be losing the market and it will become difficult to get it back.

SHRI JAGESH DESAI: Mr. Chairman, Sir, I have seen many contradictions in the answer of the Minister. First, he says that if more exports are allowed, prices will go up. Then they have given a licence for 20,000 tonnes.

How does the Minister reconcile this? Secondly, the policy of the Government

is—I think it was announced by the Finance Minister in the last Budget—we should encourage export of value-added items and raw materials. Then export duty was imposed to see that only value-added manufactured goods are exported so that more jobs could be generated in this country. Castor seed is the most preparatory item in our country and worldwide. If such a big advance licence up to the limit of 20,000 tonnes is given, then naturally the prices would go up. As the Minister is well aware, castor seed is the most procured seed in the world. I would like to know from the hon. Minister whether the Government would look into this matter and see that this kind of a thing could be stopped.

SHRI PRANAB MUKHERJEE: Sir, there is no contradiction. I don't find any contradiction. I told that licences were given to someone depending upon the availability of the market. If they can sell, they will sell it. If we can get good prices, we will get good prices. There is no contradiction. When the Agriculture Ministry pointed out that the likely surplus is to be of Rs. 2 lakh tones. Only two parties applied. One was MMTC and the other was a Bombay-based private sector. To MMTC we gave licence for 20,000 tonnes. They entered into a contract for 8,000 tonnes. They have sold it. If they cannot sell it, when it will not go out. Where is the contradiction? So far as the general policy is concerned, we have always done it this way. We are encouraging the export of value-added products. But at the same time we have to keep in view that there is flexibility in the policy. If the price of the raw material collapses, the farmers will suffer. If the farmer does not get the price which he expected, he will not produce it the next year. In the case of castor seeds, we are emerging as the largest producer. This is not because of us but because of the farmers. If the farmer does not get the price, then he will not go in for castor seed production and we will have to suffer. So we should support them.

SHRI ASHOK MITRA: Sir, I think in such matters the Government should take a total view. The price of one oil-seed affects the price of all other oil-seed products. In such a sensitive area where the interest of the consumer is involved, I think, the Government should be a little bit more careful before deciding on policies. The other aspect on which I would like to ask a very specific question is: what has been the loss of employment in the country on account of this decision to export this quantity of oil-seed? The oil-crushing capacity in the country has suffered because we have not utilised it. Some people have lost jobs. That is also a factor which I think the Government should look into.

SHRI PRANAB MUKHERJEE: It is true that the oil-crushing capacity in the country has not been fully exploited. This is not because of our decision to export it. This item was not being exported earlier. Only a small quantity of 8,000 tonnes is to be exported this year and even if they enter into a contract, the maximum would be 20,000 tonnes. The problem arose because excess capacity was created in the oil-crushing industry. This excess capacity was created not today but in the mid-seventies. Till today we have not been able to utilise the capacity fully because there is a serious mismatch between its demand and supply. The question is that there was a mismatch. When we take a decision, we must take an integrated approach. That integrated approach has been taken so far as castor oil seed is concerned. This is not going to affect the price of edible oil because to some extent this is being utilised for adulteration purposes which we should not encourage. It is also being used to manufacture some low-priced soaps. Therefore, we have taken an integrated view and I can assure the hon. Member in this regard.

DR. MURLI MANOHAR JOSHI: This is a very contradictory statement. Now, you are saying that you had

created the crushing capacity two years ago.

SHRI PRANAB MUKHERJEE: I did not create it. The economy created it.

DR. MURLI MANOHAR JOSHI: This economy created it.... (*interruptions*)....Whatever it is, please bear with me....(*Interruptions*)...

SHRI PRANAB MUKHERJEE: There is no contradiction and this is a fact of life.

DR. MURLI MANOHAR JOSHI: You say that it is not being utilised and therefore, you are exporting the seeds. If the seeds are available and the crushing capacity is available, why is it not being utilised here? You are exporting it and people are losing jobs.

SHRI PRANAB MUKHERJEE: Crushing capacity is there for the raw material. But the market is not there.

DR. MURLI MANOHAR JOSHI: Please let me finish. You say that it is because of shortage of demand that castor oil seeds are not being crushed here. How can we create the demand? Crush it and export it. Finally, if there was no such demand, the private sector would not expand its crushing capacity. Therefore, there appears to be a very serious lacuna in the planning concerning oil-seeds. You are saying that you are exporting it because you are getting a good price and that I think is incorrect. What is correct is that you are exporting it as a raw material under the reformed economic policy where raw materials are to be exported and not the value-added goods. This is something which clearly points out the bad effects of the economic policy which you are pursuing, particularly, on the import and export front.

SHRI PRANAB MUKHERJEE: Sir, I am not going to discuss the policy here. The Question Hour is not meant for discussing policies. I am just answering questions on the basis of facts. The hard cold fact is that there are so many contradictions in the economy that nobody can deny it. Therefore, this capacity was created over the years and it was not created overnight. And, capacities which have been created in many areas sometimes remain unutilised in every economy of the world and, moreover, ours is not a totally controlled economy. Let us, therefore, not go into that aspect. And, there is no contradiction either in my answers or in the fact of the case.

MR. CHAIRMAN: Question No. 64.

*64. **[The questioner (Shri Satya Prakash Malaviya) was absent. For answer, vide Col. 38 infra.]**

Trade Agreement with Czech Republic

*65. SHRI G. PRATHAPA REDDY:
DR. SHRIKANT RAM-CHANDRA JICHKAR:†

Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that Government have recently negotiated a trade agreement with the Czech Republic;

(b) if so, the nature of the agreement;

(c) the specific advantages which India will get due to the agreement; and

(d) how would this agreement compare in the background of the Dunkel proposals?

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION AND MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED): (a) to (d) A Statement is laid on the Table of the House.

†The question was actually asked on the floor of the House by Dr. Shrikant Ram Chandra Jichkar.